

Message Text

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EXDIS

E.O. 11652: GDS

TAGS: ENRG, TECH, MNUC, US, IR, PARM

SUBJECT: US-IRAN NUCLEAR COOPERATION AGREEMENT

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REF: CANBERRA 3400

1. IN RESPONDING TO PM FRASER, YOU SHOULD DRAW ON THE
FOLLOWING POINTS:

(A) A KEY ISSUE CONCERNING THE AGREEMENT FOR COOPERATION
WITH IRAN, WHICH HAS BEEN UNDER NEGOTIATION FOR THREE YEARS
AND IS STILL UNDER NEGOTIATION, HAS BEEN US PRIOR CONSENT
RIGHTS OVER DISPOSITION OF US-SUPPLIED FUEL AND FUEL USED
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IN US-SUPPLIED REACTORS AFTER IRRADIATION. IN GIVING THE
US SUCH RIGHTS, IRAN HAS WANTED ASSURANCES THAT THE FUEL
COULD BE DISPOSED OF IN SOME AGREED-TO MANNER. WE HAVE
ATTEMPTED TO COMPLY WITH THIS CONCERN BY OFFERING IRAN, IN
AN ACCOMPANYING NOTE, SPECIFIC OPTIONS FOR LONG-TERM DIS-
POSAL:

- (1) STORAGE IN IRAN;
- (2) STORAGE, PROCESSING DISPOSITION IN ACCORDANCE WITH INTERNATIONALLY ACCEPTED ARRANGEMENTS TO WHICH BOTH THE US AND IRAN SUBSCRIBE; AND, -
- (3) STORAGE IN THE US.

THE FORMULATION RECOGNIZES THAT THE RESPECTIVE HOST COUNTRY MAY NOT FIND (1) OR (3) PRACTICABLE AND (2) MAY NOT BE AVAILABLE. UNDER THESE CONDITIONS, WE HAVE SAID THAT WE WOULD BE PREPARED TO ALLOW REPROCESSING IN THE UK, FRANCE, OR OTHER MUTUALLY AGREED STATE. THE DISPOSITION OF PLUTONIUM DERIVED FROM SUCH REPROCESSING WOULD BE SUBJECT TO FUTURE AGREEMENT OF THE PARTIES.

(B) THE LAST OPTION (REPROCESSING IN THE UK OR FRANCE) WOULD BE AVAILABLE ONLY IF ALL OTHER OPTIONS ARE EXHAUSTED, THAT IS, AS AN OPTION OF LAST RESORT;

(C) THE SECOND OPTION (INTERNATIONAL DISPOSITION) IS SUBJECT TO MUTUAL CONSENT AND, THEREFORE, CAN ONLY BE ENTERED INTO WITH US APPROVAL;

(D) THE OPTION OF STORAGE IN THE US GIVES THE US, IN ESSENCE, A RIGHT OF RETURN OF THE SPENT FUEL IF WE WISH TO PRECLUDE REPROCESSING;

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(E) THE PERMISSION TO REPROCESS AS A LAST RESORT IS GIVEN ONLY WITH REGARD TO REPROCESSING IN THE UK AND FRANCE. REPROCESSING IN A THIRD STATE WOULD REQUIRE MUTUAL AGREEMENT AND, THUS, IS A FUTURE US RIGHT OF CONSENT FOR SUCH REPROCESSING. IN THIS REGARD, THE SHAH HAS PUBLICLY STATED LAST YEAR THAT HE DOES NOT INTEND TO DO REPROCESSING IN IRAN; AND,

(F) DISPOSITION OF PLUTONIUM RESULTING FROM REPROCESSING WOULD REQUIRE FUTURE AGREEMENT OF THE PARTIES AND, THUS, IS A FUTURE US RIGHT OF CONSENT OVER SUCH DISPOSITION.

2. THE US HAS ALSO AGREED TO THE INCLUSION IN THE ACCOMPANYING NOTE OF A GENERAL ASSURANCE THAT IMPLEMENTATION OF THE AGREEMENT WILL BE IN A MANNER THAT ASSURES THE EFFICIENT AND ECONOMIC OPERATION OF THE IRANIAN NUCLEAR PROGRAM AND IS RESPONSIVE TO THE NEEDS OF THIS PROGRAM.

3. FYI. WE ARE ALSO CURRENTLY NEGOTIATING A SPECIFIC "MOST-FAVORED NATION" CLAUSE WITH IRAN WITH REFERENCE TO REPROCESSING. THIS WOULD ASSURE IRAN THAT IF WE ALLOWED ANY REPROCESSING OF SPENT FUEL IN THE SAME TIME

FRAME WHEN IRAN NEEDS TO DISPOSE OF ITS SPENT FUEL
(CIRCA 1990), WE WOULD OFFER IRAN THE SAME OPPORTUNITY
TO HAVE FUEL REPROCESSED IN THE UK, FRANCE OR OTHER
MUTUALLY AGREED STATE. AGAIN, THERE COULD BE NO REPRO-
CESSING OUTSIDE OF THE UK OR FRANCE WITHOUT US CONSENT.
THE IRANIANS ARE SEEKING TO ELIMINATE THE PHRASE "IN THE
SAME TIME FRAME THAT IRAN NEEDS TO REPROCESS SPENT FUEL".
THIS WOULD HAVE THE EFFECT OF ALLOWING REPROCESSING OF
IRANIAN SPENT FUEL IN 1990 (IN THE UK, FRANCE OR MUTUALLY
AGREED STATE) IF THE US CONSENTED TO REPROCESSING OF US-
SUPPLIED FUEL NOW (E.G., IN JAPAN AT TOKAI-MURA). SINCE
THIS QUESTION IS STILL UNDER NEGOTIATION, WE WOULD
PREFER DOA NOT DISCUSS IT WITH FRASER UNLESS HE RAISES
IT. END FYI. CHRISTOPHER
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